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FM AMEMBASSY GUATEMALA
TO SECSTATE WASHDC 5538
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SIPDIS

USTR FOR CHARLIE HOOKER

E.O. 12958: N/A
TAGS: [ETRD](#) [WTO](#)
SUBJECT: WTO SERVICES NEGOTIATIONS: ACCESS PRIORITIES FOR
GUATEMALA

REF: SECSTATE 270998

1. Guatemala provides national treatment for most services providers, as reflected in the limited number of nonconforming measures for Guatemala listed in the agreed text of the Central America Free Trade Agreement (CAFTA). Exceptions to national treatment include maritime transportation and financial services. In the latter category, banks may create branches but must meet capital adequacy ratios based on the branch's own balance sheet and are given a shorter period than domestic banks for remedying capital shortfalls. In addition, insurance companies must incorporate locally and may not open branches (to be phased out under CAFTA). Otherwise, the principal obstacle to the U.S. services sector is in the standard array of professional services where service providers must meet domestic academic and certification criteria. CAFTA calls on parties "to develop mutually acceptable standards and criteria for licensing and certification of professional service suppliers."

2. Branches and subsidiaries of U.S. firms provide professional services in a wide variety of areas such as banking, insurance, telecommunications, accounting and advertising, but a number of other areas are largely untouched, reflecting the country's relatively low level of development, a history of internal conflict, and a post-conflict environment of violent crime that dissuades new investment and associated services. The potential interest of various sectors to U.S. suppliers should increase to the extent that CAFTA attracts new investors who will seek high quality U.S. services and as the security environment improves.

3. The list of services below is keyed to reftel and includes an access priority ranking (1 - 5) and a market openness ranking (high, medium or low). Explanatory notes follow rankings, as appropriate.

--Legal services (4, medium) - Non-discriminatory educational, exam and bar association requirements.
--Architectural services (5, medium)
--Urban planning and landscape architecture services (5, medium)
--Computer and related services (3, high)
--Research and development services (5, high)
--Real estate services (4, medium) - A history of clouded land titles makes consistent enforcement of property rights difficult and dissuades real estate sector investment.
--Advertising services (3, high)
--Rental leasing services (5, medium)
--Market research and public opinion, polling services (4, medium)
--Management consulting services (3, high)
--Technical testing and analysis services (4, high)
--Services incidental to agriculture, hunting, fishing and forestry (3, medium)
--Services incidental to mining (3, medium) - Recent violent protests and interference in a major gold mining project are a reminder that mining has historically been a sensitive issue in Guatemala.
--Energy services (2, high) - Recent efforts by the semi-autonomous Human Rights Ombudsman to oppose subsidy reductions and rate structure rationalization diminish investor confidence in the sector.
--Services incidental to energy distribution (2, high)
--Placement and supply services of personnel (4, medium)

--Investigation and security (2, high)
--Related scientific and technical consulting services (4, high)
--Maintenance and repair of equipment (3, high)
--Building-cleaning services (4, high)
--Photographic services (4, high)
--Packaging services (3, high)
--Printing, publishing (3, high)
--Convention services (3, high)
--Courier services (2, high)
--Telecommunication services (2, high) - Allegations of interconnection abuse by a dominant carrier and a weak regulatory institution detract from an open legal framework.
--Audiovisual services (4, high)
--Construction and related engineering (3, medium)
--Distribution services (4, medium) - CAFTA commitment to eliminate exclusive distribution contracts grandfathered by a 1978 law.
--Educational services (2, high)
--Environmental services (2, high) - Will need to comply with the CAFTA environmental chapter.
--Tourism and travel-related services (1, high) - High crime rates continue to plague the tourism industry. However, the GOG is actively recruiting foreign investment into this sector.

--Recreation and sporting services (2, high) - Linked to tourism.
HAMILTON

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